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MANAGEMENT INFORMATION CIRCULAR

FOR THE ANNUAL AND SPECIAL MEETING OF THE HOLDERS OF COMMON SHARES OF XORTX THERAPEUTICS INC. TO BE HELD ON JULY 17, 2019

Dated June 14, 2019

GENERAL PROXY INFORMATION

Solicitation of Proxies

This management information circular ("Management Information Circular") is furnished in connection with the solicitation of proxies by the management and the directors of XORTX THERAPEUTICS INC. (the "Company") for use at the annual and special meeting of the shareholders (the "Shareholders") of the Company (the "Meeting") to be held at 745 Thurlow Street, Suite 2400, Vancouver, British Columbia at 10:00 a.m. (Vancouver time), on Wednesday, July 17, 2019, and at all adjournments thereof for the purposes set forth in the accompanying notice of the Meeting (the "Notice of Meeting"). The solicitation of proxies will be made primarily by mail and may be supplemented by telephone or other personal contact by the directors, officers and employees of the Company. Directors, officers and employees of the Company will not receive any extra compensation for such activities. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the Shareholders in favour of the matters set forth in the Notice of Meeting. The Company may pay brokers or other persons holding common shares of the Company ("Common Shares") in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and this Management Information Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The cost of the solicitation will be borne directly by the Company.

No person is authorized to give any information or to make any representation other than those contained in this Management Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Company. The delivery of this Management Information Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

This Management Information Circular is being sent to both registered and non-registered owners of the Common Shares. If you are a non-registered owner, and the Company or its agent has sent this Management Information Circular directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

Non-Registered Shareholders

Only registered Shareholders, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a "Non-Registered Shareholder") are registered either:

- (a) in the name of an intermediary (an "Intermediary") with whom the Non-Registered Shareholder deals in respect of the Common Shares (Intermediaries include, among others: banks, trust companies, securities dealers or brokers, trustees or administrators of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan and similar plans); or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited, in Canada, and the Depository Trust Company, in the United States) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Management Information Circular and its form of proxy (collectively the "Meeting Materials") to the Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "voting instruction form") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (b) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, Canada, M5H 4H1.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered

Shareholder should strike out the names of the persons named in the form of proxy and insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the voting instruction form or the proxy is to be delivered.**

Appointment and Revocation of Proxies

The persons named in the form of proxy accompanying this Management Information Circular are directors and/or officers of the Company. A shareholder of the Company has the right to appoint a person or company (who need not be a shareholder), other than the persons whose names appear in such form of proxy, to attend and act for and on behalf of such shareholder at the Meeting and at any adjournment thereof. Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person or company to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to TSX Trust Company in time for use at the Meeting in the manner specified in the Notice of Meeting.

A registered shareholder of the Company who has given a proxy may revoke the proxy at any time prior to use by: (a) depositing an instrument in writing, including another completed form of proxy, executed by such registered shareholder or by his or her attorney authorized in writing or by electronic signature or, if the registered shareholder is a corporation, by an officer or attorney thereof properly authorized, either: (i) at the principal office of the Company, 745 Thurlow Street, Suite 2400, Vancouver, British Columbia, Canada, V6E 0C5 at any time prior to 10:00 a.m. (Vancouver time) on the second last business day preceding the day of the Meeting or any adjournment thereof, (ii) with TSX Trust Company, 100 Adelaide Street West, Suite 301, Toronto, Ontario, Canada, M5H 4H1 at any time prior to 10:00 a.m. (Vancouver time) on the second last business day preceding the day of the Meeting or any adjournment thereof, or (iii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; (b) transmitting, by telephone or electronic means, a revocation that complies with paragraphs (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be; or (c) in any other manner permitted by law including attending the Meeting in person.

A Non-Registered Shareholder who has submitted a proxy may revoke it by contacting the Intermediary through which the Non-Registered Shareholder's Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies.

Exercise of Discretion by Proxies

The Common Shares represented by an appropriate form of proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions of the shareholder thereon. **In the absence of instructions, such Common Shares will be voted for each of the matters referred to in the Notice of Meeting as specified thereon.**

The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment thereof. At the date hereof, management of the Company

knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matters which are not now known to management of the Company should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such proxy will be voted on such matters in accordance with the judgment of the person named as proxy therein.

Signing of Proxy

The form of proxy must be signed by the shareholder of the Company or the duly appointed attorney of the shareholder of the Company authorized in writing or, if the shareholder of the Company is a corporation, by a duly authorized officer of such corporation. A form of proxy signed by the person acting as attorney of the shareholder of the Company or in some other representative capacity, including an officer of a corporation which is a shareholder of the Company, should indicate the capacity in which such person is signing and should be accompanied by the appropriate instrument evidencing the qualification and authority to act of such person, unless such instrument has previously been filed with the Company. A shareholder of the Company or his or her attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Description of Share Capital

The Company is authorized to issue an unlimited number of Common Shares. Each Common Share entitles the holder of record thereof to one vote per Common Share at all meetings of the Shareholders. As at the close of business on June 14, 2019, there were 62,919,691 Common Shares outstanding.

Record Date

The directors of the Company have fixed June 10, 2019 as the record date for the determination of the Shareholders entitled to receive notice of the Meeting. Shareholders of record at the close of business on June 10, 2019, will be entitled to vote at the Meeting and at all adjournments thereof.

Ownership of Securities of the Company

As at June 14, 2019, to the knowledge of the directors and officers of the Company, as at the date of this Management Information Circular, no individual or corporation beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

(1) Presentation of Financial Statements

At the Meeting, the Chairman of the Meeting will present to Shareholders the audited consolidated financial statements of the Company for the year ended December 31, 2018 and the auditor's report thereon.

(2) Election of Directors

The Board of Directors currently consists of five (5). The table and the notes thereto state the names of all persons nominated by management for election as directors, all other positions and offices with the Company now held by them, their principal occupations or employment, the period or periods of service as directors of the Company and the approximate number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date hereof. Each director of the Company holds office until his successor is elected at the next meeting of the Company, or any adjournment thereof, or until his successor is elected or appointed.

Name, Province or State and Country of Residence	Position with the Company	Director of the Company Since	Principal Occupation for Five Preceding Years	# of Common Shares Owned or Controlled ⁽¹⁾
W. Bruce Rowlands ⁽²⁾ Ontario, Canada	Chairman	January 9, 2018	Chairman of the Company from May 9, 2018 and Director of the Company's predecessor, XORTX Pharma Corp. since November 2014; director, A-Labs Capital II Corp. since December 2018; former Chief Executive Officer, Eurocontrol Technics Group Inc. (April 2006 to March 2018) and former Director (April 2006 to September 2018).	721,672
Dr. Allen Davidoff Alberta, Canada	President and Chief Executive Officer	January 9, 2018	Current President and Chief Executive Officer of the Company since January 9, 2018 and its predecessor company, XORTX Pharma Corp. since July 2012; former Chief Scientific Officer and co-founder, Stem Cell Therapeutics Inc. (November 2004 to December 2011).	4,435,077

Name, Province or State and Country of Residence	Position with the Company	Director of the Company Since	Principal Occupation for Five Preceding Years	# of Common Shares Owned or Controlled⁽¹⁾
Bruce Cousins ⁽²⁾ British Columbia, Canada	Director	June 27, 2018	Former Executive Vice President and Chief Financial Officer, Arbutus Biopharma Corporation (October 2013 to February 2018); and former Director and Chief Executive Officer, Carmanah Technologies Corporation (October 2011 to August 2013).	Nil
Paul Van Damme ⁽²⁾ Ontario, Canada	Director	January 25, 2018	Chief Financial Officer, Structural Genomics Consortium since May 2012; Director, OncoQuest Inc., a subsidiary of Quest PharmaTech Inc. since November 2015; former Chief Financial Officer, Bradmer Pharmaceuticals Inc. (September 2007 to July 2018), former Director, Quest PharmaTech Inc. (January 2010 to November 2015); former Chief Financial Officer, Ellipsiz Communications Ltd. (June 2011 to November 2015) and ZipLocal Inc. (May 2012 to May 2016).	36,000
Allan Williams British Columbia, Canada	Director	January 25, 2018	Independent businessman; current director, KAPA Capital Inc. since March 2018; former director, Maritime Resources Corp. (September 2008 to October 2018), Greatbanks Resources Ltd. (August 2003 to April 2018), True Grit Resources (January 2012 to April 2018), One World Lithium Inc. (April 2016 to June 2018), Goldrush Resources Ltd. (October 2003 to January 2016), and Calico Resources Corp. (December 2009 to July 2016).	1,967,770
Notes: (1) The information as to Common Shares beneficially owned, not being within the knowledge of the Company, has been furnished by directors individually. (2) Member of the Audit Committee.				

As at the date of this Management Information Circular, the directors and senior officers of the Company as a group, directly and indirectly, beneficially own or exercise control or direction over 7,682,719 Common Shares, representing approximately 12.2% of the issued and outstanding Common Shares.

Other than as noted below, none of the directors or executive officers:

- (a) is, as at the date of this Circular, or was within 10 years before the date of this Circular, a director or chief executive officer or chief financial officer of any company that:
 - (i) was the subject of an order (as defined in National Instrument 51-102F5) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
 - (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer, or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer, or chief financial officer.

Allan Williams is a former director of Greatbanks Resources Ltd. ("Greatbanks"). On December 11, 2015, the British Columbia Securities Commission issued a cease trade order against Greatbanks for failure to file audited financial statements and management discussion and analysis for the year ended July 31, 2015. The cease trade order was revoked June 1, 2016.

None of the directors, executive officers or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is at the date hereof, or has been within 10 years before the date of this Circular, a director or executive officer of any company that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. Management has no reason to believe that any of the nominees will be unable to serve as a director but, if a nominee is for any reason unavailable to serve as a director, proxies in favour of management will be voted in favour of the remaining nominees and may be voted for a substitute nominee unless the shareholder has specified in the proxy that the Common Shares are to be withheld from voting in respect of the election of directors.

(3) Appointment of Auditor

Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution to appoint the firm of Morgan & Company LLP ("Morgan"), to serve as the auditor of the Company until the next annual meeting of Shareholders and to authorize the directors of the Company to fix the auditor's remuneration as such. Morgan was retained as auditor of the Company's predecessor XORTX Pharma Corp. and continued as auditor effective January 9, 2018, the date of the reverse take-over between

APAC Resources Inc. and XORTX Pharma Corp. to form XORTX Therapeutics Inc. Prior to Morgan being retained, Manning Elliott LLP acted as auditor of the Company from May 31, 2011 to January 9, 2018.

UNLESS THE SHAREHOLDER DIRECTS THAT HIS OR HER COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN CONNECTION WITH THE APPOINTMENT OF THE AUDITOR, THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE RE-APPOINTMENT OF MORGAN & COMPANY LLP TO SERVE AS AUDITOR OF THE COMPANY UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND TO AUTHORIZE THE DIRECTORS TO FIX THEIR REMUNERATION.

(4) Approval of Stock Option Plan

The Company maintains a Stock Option Plan (the "Plan") for the benefit of directors, officers, employees, consultants and other service providers of the Company and its subsidiaries in order to assist the Company in attracting, retaining and motivating such persons by providing them with the opportunity, through stock options ("Options"), to acquire an increased proprietary interest in the Company.

The Plan authorizes the issuance of Options up to an aggregate of 10% of the issued Common Shares from time to time. There are currently 62,919,691 Common Shares of the Company issued and outstanding, and therefore the current 10% threshold is 6,291,969 Common Shares available for Options grants under the Plan. Options may be granted under the Plan with a maximum exercise period of up to ten (10) years, as determined by the Board of Directors of the Company.

The Plan limits the number of Options which may be granted to any one individual to not more than 5% of the total issued Common Shares in any 12 month period (unless otherwise approved by the disinterested Shareholders), and not more than 10% of the total issued Common Shares to all insiders at any time or granted over any 12 month period. The number of Options granted to any one consultant or person employed to provide investor relations activities in any 12 month period must not exceed 2% of the total issued Common Shares. Any Options granted under the Plan will not be subject to any vesting schedule, unless otherwise determined by the Board of Directors.

Options under the Plan may be granted at an exercise price which is at or above the current discounted market price on the date of the grant. In the event of the death or permanent disability of an optionee, any Option granted to such optionee will be exercisable upon the earlier of 365 days from the date of death or permanent disability, or the expiry date of the option. In the event of the resignation, or the termination or removal of an optionee without just cause, any Option granted to such optionee will be exercisable for a period of 90 days thereafter. In the event of termination for cause, any Option granted to such optionee will be cancelled as at the date of termination.

A copy of the Plan is attached as Schedule B to this Management Information Circular.

As of June 14, 2019, Options to purchase an aggregate of 2,174,000 Common Shares are outstanding under the Plan leaving a balance of 4,117,969 Options available for issuance under the Plan.

Shareholders are being asked to approve and confirm the Plan. In order to confirm and approve the Plan a majority of votes cast at the meeting must be voted in favour of the Plan. In the event that the Plan is approved by Shareholders, the Company's current Plan will be discontinued and Options that have been granted will be transferred to the Plan.

Accordingly, Shareholders will be asked to approve the following resolution:

"BE IT RESOLVED THAT the Company's Plan as described in the Management Information Circular dated June 14, 2019, be and it is hereby adopted, confirmed and approved, including that the maximum number of Common Shares reserved for issuance under the Plan at any given time is equal to ten percent (10%) of the issued and outstanding Common Shares as at the date of grant of an Option under the Plan."

The Board of Directors recommends that the Company's Shareholders vote FOR the approval of the Plan.

UNLESS A SHAREHOLDER DIRECTS THAT HIS OR HER COMMON SHARES ARE TO BE VOTED AGAINST THE APPROVAL OF THE PLAN THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY INTEND TO VOTE FOR THE APPROVAL OF THE PLAN.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

The management knows of no matters to come before the Meeting other than as set forth in the Notice of Meeting. However, if other matters which are not known to the management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

STATEMENT OF EXECUTIVE COMPENSATION

In accordance with NI-51-102 and the related form requirements, this Management Information Circular includes certain comparative data and information for prescribed prior years. In such cases, the information provided is drawn from previous information circulars related to prior fiscal years ended February 28.

Named Executive Officers

For the purpose of this statement of executive compensation, a "CEO" or "CFO" means each individual who served as Chief Executive Officer or Chief Financial Officer, respectively, of the Company or acted in a similar capacity during the most recently completed financial year. A "Named Executive Officer" or "NEO" means each CEO, each CFO, the Company's most highly compensated officer, other than the CEO and CFO, who was serving as an officer at the end of the most recently completed financial year and whose total compensation was more than \$150,000, and any additional individuals who would be a Named Executive Officer but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of the financial year.

Based on the foregoing definitions, the Company's Named Executive Officers were Allen Davidoff, CEO, James Fairbairn, current CFO and David Matthews, former CFO.

Director and Named Executive Officer Compensation

Director and named executive officer compensation, excluding compensation securities

The following table sets forth a summary of the compensation paid to the NEOs and the directors for the financial year ended December 31, 2018:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Stock option (\$)	Value of all other compensation (\$)	Total compensation (\$)
Robert Coltura ⁽¹⁾ <i>Former CEO</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	32,500	32,500
Jerry Minni ⁽¹⁾ <i>Former CFO</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	25,000	25,000
Allen Davidoff ⁽²⁾⁽⁵⁾ <i>CEO</i>	2018	192,000	Nil	Nil	72,867	Nil	264,867
	2017	N/A	N/A	N/A	N/A	N/A	N/A
David Matthews ⁽³⁾ <i>Former CFO</i>	2018	13,750	Nil	Nil	31,681	Nil	45,431
	2017	N/A	N/A	N/A	N/A	N/A	N/A
James Fairbairn ⁽⁴⁾⁽⁵⁾ <i>CFO</i>	2018	5,000	Nil	Nil	20,327	Nil	25,327
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Stephen Butrenchuk ⁽¹⁾ <i>Former Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Stock option (\$)	Value of all other compensation (\$)	Total compensation (\$)
Bruce Cousins ⁽⁶⁾ <i>Director</i>	2018	Nil	Nil	Nil	10,867	Nil	10,867
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Alan Moore ⁽⁷⁾ <i>Former Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Bruce Rowlands ⁽⁸⁾ <i>Director</i>	2018	Nil	Nil	Nil	21,860	Nil	21,860
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Paul Van Damme ⁽⁹⁾ <i>Director</i>	2018	Nil	Nil	Nil	21,860	Nil	21,860
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Allan Williams ⁽⁹⁾ <i>Director</i>	2018	Nil	Nil	Nil	21,860	Nil	21,860
	2017	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Robert Coltura, Jerry Minni and Stephen Butrenchuk resigned effective January 9, 2018.
- (2) Allen Davidoff was appointed CEO and director of the Company on January 9, 2018.
- (3) David Matthews served as CFO of the Company from February 21, 2018 to October 31, 2018.
- (4) James Fairbairn was appointed CFO of the Company on November 1, 2018.
- (5) For information concerning Allen Davidoff's and James Fairbairn's employment and consulting agreements, please refer to "NEO Employment and Consulting Agreements" below.
- (6) Bruce Cousins was elected as a director on June 27, 2018.
- (7) Alan Moore was appointed as a director of the Company on January 9, 2018 and resigned on January 25, 2018.
- (8) Bruce Rowlands was appointed as a director on January 9, 2018.
- (9) Paul Van Damme and Allan Williams were appointed as directors on January 25, 2018.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out for each NEO and director of the Company all compensation securities granted or issued to such NEO and director in the most recently completed financial year and up to and including December 31, 2018.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Allen Davidoff ⁽¹⁾ <i>CEO</i>	Options	500,000 23%	March 19, 2018	0.50	0.25	0.13	March 19, 2023
David Matthews ⁽²⁾ <i>Former CFO</i>	Options	250,000 N/A ⁽²⁾	March 19, 2018	0.50	0.25	0.13	March 19, 2023
James Fairbairn ⁽³⁾ <i>CFO</i>	Options	250,000 11%	Nov. 5, 2018	0.50	0.205	0.13	Nov. 5, 2023
Bruce Cousins Director ⁽⁴⁾	Options	150,000 7%	Oct. 9, 2018	0.50	0.19	0.13	Oct. 9, 2018
Alan Moore ⁽⁵⁾ <i>Former Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bruce Rowlands ⁽⁶⁾ <i>Director</i>	Options	150,000 7%	March 19, 2018	0.50	0.25	0.13	March 19, 2023
Paul Van Damme ⁽⁷⁾ <i>Director</i>	Options	150,000 7%	March 19, 2018	0.50	0.25	0.13	March 19, 2023
Allan Williams ⁽⁷⁾ <i>Director</i>	Options	150,000 7%	March 19, 2018	0.50	0.25	0.13	March 19, 2023

Notes:

(1) Allen Davidoff was appointed CEO and director of the Company on January 9, 2018.

(2) David Matthews served as CFO of the Company from February 21, 2018 until October 31, 2018. The options included in this table expired 90 days subsequent to David Matthews's resignation.

(3) James Fairbairn was appointed CFO of the Company on November 1, 2018.

(4) Bruce Cousins was elected as a director of the Company on June 27, 2018.

(5) Alan Moore was appointed as a director of the Company on January 9, 2018 and resigned on January 25, 2018.

(6) Bruce Rowlands was appointed as a director on January 9, 2018.

(7) Paul Van Damme and Allan Williams were appointed as directors on January 25, 2018.

Exercise of Share-Based Awards and Option-Based Awards

The following table sets out for each NEO and director of the Company all compensation securities exercised in the most recently completed financial year and up to and including December 31, 2018.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of Exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Allen Davidoff ⁽¹⁾ <i>CEO</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
David Matthews ⁽²⁾ <i>Former CFO</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
James Fairbairn ⁽³⁾ <i>CFO</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bruce Cousins ⁽⁴⁾ <i>Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Alan Moore ⁽⁵⁾ <i>Former Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bruce Rowlands ⁽⁶⁾ <i>Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Paul Van Damme ⁽⁷⁾ <i>Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Allan Williams ⁽⁷⁾ <i>Director</i>	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) Allen Davidoff was appointed CEO and director of the Company on January 9, 2018.

(2) David Matthews served as CFO of the Company from February 21, 2018 to October 31, 2018.

(3) James Fairbairn was appointed CFO of the Company on November 1, 2018.

(4) Bruce Cousins was elected as a director of the Company on June 27, 2018.

(5) Alan Moore was appointed as a director of the Company on January 9, 2018 and resigned on January 25, 2018.

(6) Bruce Rowlands was appointed as a director on January 9, 2018.

(7) Paul Van Damme and Allan Williams were appointed as directors on January 25, 2018.

NEO Employment and Consulting Agreements

Dr. Allen Davidoff

The Company employs Dr. Allen Davidoff as the Company's President and CEO at an annual salary of \$190,000. The Davidoff Agreement contains standard confidentiality and non-compete clauses and has an indefinite term. The Davidoff Agreement can be terminated by Dr. Davidoff or the Company by providing 30 days' notice. In the case of the Company providing termination notice, Dr. Davidoff would receive the equivalent of six times his then current monthly salary in a lump sum payment if terminated prior to the first anniversary and if after the first anniversary, Dr. Davidoff is entitled to a lump sum payment of 12 times his then current monthly salary. In the case of a change of control, the Davidoff Agreement provides for a lump sum payment equal to 12 times his monthly base salary amount in effect at the time. As well, all unvested Options then held by Dr. Davidoff shall be deemed to have vested upon any such termination.

James Fairbairn

James Fairbairn, the Company's CFO, provides his services to the Company in accordance with the terms of an independent contractor agreement through his holding company 1282803 Ontario Inc. (the "1282803 Agreement"). The 1282803 Agreement contains standard confidentiality clauses and sets out a monthly retainer of \$2,500 (plus HST) for a five-day commitment per month to the Company for the services of James Fairbairn. The 1282803 Agreement has a one-year term automatically renewable for subsequent one-year periods and can be cancelled on 90 days by James Fairbairn or the Company. The 1282803 Agreement does not provide for change of control benefits.

Compensation Discussion and Analysis

Director and NEO Compensation

The Company's Board of Directors is responsible for ensuring that the Company has in place an appropriate plan for executive compensation ensuring that total compensation paid to all NEOs is fair and reasonable and is consistent with the Company's compensation philosophy and in line with industry practice.

Compensation for the executive officers is composed primarily of three components: base compensation, performance bonuses and the granting of options. Performance bonuses may be considered from time to time. The Board of Directors does not have a pre-determined compensation plan, but rather reviews the performance of the executive officers and considers a variety of factors, when determining compensation levels. These factors, which are informally discussed by the Board of Directors, include the long-term interests of the Company and its Shareholders, the financial and operating performance of the Company and each executive officer's individual performance, contribution towards meeting corporate objectives, responsibilities and length of service. The Board of Directors believes that the compensation arrangements for the Company's executive officers are commensurate with the executive officer's position, experience and performance. The directors of the Company will continue to review compensation philosophy to ensure that the Company is competitive and that compensation is consistent with the performance of the Company.

Other than Options to purchase Common Shares granted under the Plan, there were no long-term incentive awards made to the NEOs during the most recently completed financial year.

Pension Plan Benefits

There are no pension plan benefits in place for NEOs.

Gender Diversity in Executive Officer Positions

The Company has not adopted a formal policy which specifies targets regarding the representation of women in executive officer positions or on its Board of Directors. While the Company believes that diversity, including gender diversity, is an important consideration in determining the makeup of its executive team, it is only one of a number of factors (which include merit, talent, experience, expertise, leadership capabilities, innovative thinking and strategic agility), that are considered in selecting the best candidates for executive positions. At the present time, the Company has one woman on its executive team.

Termination and Change of Control Benefits

The Company does not have in place any pension or retirement plan. The Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a NEO of the Company. In connection with or related to the retirement, termination or resignation of such person and the Company has provided no compensation to such persons as a result of change of control of the Company, its subsidiaries or affiliates. Under the current NEO employment arrangements, if a severance payment triggering event were to occur, the severance payments that would be payable to each of the NEOs is as outlined in the following table.

Name	Termination by the Company (\$)	Change of Control (\$)
Allen Davidoff	190,000	190,000
James Fairbairn	Nil	Nil
Total	190,000	190,000

Compensation of Directors

During the period ended December 31, 2018, the non-executive directors of the Company received no compensation for director services.

Other than Options, the Company currently has no compensation arrangements with its non-executive directors.

Equity Compensation Plan Information

The following table sets forth aggregated information as at December 31, 2018 with respect to compensation plans of the Company under which equity securities of the Company are authorized for issuance.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (#)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (\$)	Number of Securities remaining available for Future Issuance under Equity Compensation Plans (#)
Equity compensation plans approved by securityholders ⁽¹⁾⁽²⁾	2,424,000	\$0.50	3,867,969
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	2,424,000	\$0.15	3,867,969

Notes:

(1) The Plan is a "rolling" stock option plan whereby the maximum number of Common Shares that may be reserved for issuance pursuant to the Plan will not exceed 10% of the issued shares of the Company at the time of the stock option grant.

(2) As at June 14, 2019, 2,174,000 Options are outstanding, with 4,117,969 Options remaining available for issuance under the Plan.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

As of December 31, 2018, there was no indebtedness of any director or officer of the Company or of any proposed nominee for election as a director of the Company to, or guaranteed or supported by, the Company or any subsidiary thereof either pursuant to an employee stock purchase program or any other programs of the Company or a subsidiary or otherwise.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed in this Management Information Circular, management of the Company is not aware of any material interest of any director or nominee for director or executive officer or anyone who has held office as such since the beginning of the Company's last financial year or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of directors, executive officers of the Company or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, in any transaction since the commencement of the Company's most recently completed financial year.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors and senior management of the Company consider good corporate governance to be central to the effective and efficient operation of the Company.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, certain prescribed disclosure in respect of corporate governance matters be included in its management information circular.

The Exchange also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for the Company is that contained in Form 58-101F2 – *Corporate Governance Disclosure* ("**Form 58-101F2**") and is set out on the following pages.

National Policy 58-201 - *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines; however, the Board of Directors considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Company will continue to review and implement the corporate governance guidelines as the business of the Company progresses and becomes more active in operations.

Form 58–101F2 – Corporate Governance Disclosure

Board of Directors

The Board of Directors is currently composed of five directors. Form 58-101F2 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under NI 58-101 which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. "Material relationship" is defined as a relationship which could, in the view of the board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment. Of the five proposed nominees, one nominee, Allen Davidoff, current CEO is considered a non-independent director. Dr. Davidoff is a management director and accordingly is not "independent". Each of the remaining four proposed directors: Bruce Cousins, Bruce Rowlands, Paul Van Damme and Allan Williams are considered by the Board of Directors to be "independent", within the meaning of NI 58-101.

The Board of Directors meets formally on an as needed basis to review and discuss the Company's business activities, and to consider and if thought fit, to approve matters presented to the Board of Directors for approval, and to provide guidance to management. In addition, management informally provides updates to the Board of Directors between formal meetings. In general, management consults with the Board of Directors when deemed appropriate to keep it informed regarding the Company's affairs. The Board of Directors facilitates the exercise of independent supervision over management through these various meetings. At present, the Board of Directors does not have any formal committees other than its audit committee. When necessary, the Board of Directors will strike a special committee of independent directors to deal with matters requiring independence. The composition of the Board of Directors is such that the independent directors have significant experience in business affairs and, as a result, these directors are able to provide significant and valuable independent

supervision over management. In the event of a conflict of interest at a meeting of the Board of Directors, the conflicted director will in accordance with corporate law and in accordance with his fiduciary obligations as a director of the Company, disclose the nature and extent of his interest to the meeting and abstain from voting on or against the approval of such participation.

The Board of Directors has determined that the current constitution of the Board of Directors is appropriate for the Company's current stage of development. The Board of Directors has free access to the Company's external auditors, legal counsel and to any of the Company's officers.

Directorships

Certain of the directors and proposed directors are also directors of other reporting issuers, as follows:

Director	Other Reporting Issuers
Bruce Rowlands	A-Labs Capital II Corp.
Paul Van Damme	OncoQuest Inc., a subsidiary of Quest PharmaTech Inc.
Allan Williams	KAPA Capital Inc.

Participation of Directors in Board Meetings

For the year ended December 31, 2018, the Board of Directors held five board meetings and two audit committee meetings.

Director	Attendance / Number of Board Meetings	Attendance / Number of Audit Committee Meetings
Bruce Cousins ⁽¹⁾	3 / 3	1 / 1
Allen Davidoff	5 / 5	N/A
Bruce Rowlands	4 / 5	1 / 2
Paul Van Damme	5 / 5	2 / 2
Allan Williams	5 / 5	1 / 1
Note: (1) Bruce Cousins elected as a director on June 27, 2019.		

Orientation and Continuing Education

The Board of Directors does not have a formal orientation or education program for its members. The Board of Directors' continuing education is typically derived from correspondence with the Company's legal counsel to remain up to date with developments in relevant corporate and securities' law matters.

Ethical Business Conduct

The Board of Directors has adopted guidelines and has quantified and stipulated steps to encourage and promote a culture of ethical business conduct. The Company also promotes ethical business conduct through the nomination of directors it considers ethical, through avoiding or minimizing conflicts of interest, and by having a majority of its directors independent of corporate matters.

Nomination and Assessments

The recruitment of new directors has generally resulted from recommendations made by directors and shareholders. The assessment of the contributions of individual directors has principally been the responsibility of the Board of Directors. Prior to standing for election, new nominees to the Board of Directors are reviewed by the entire Board of Directors.

Compensation

The Board of Directors decides the compensation for the Company's officers, based on industry standards and the Company's financial position. In fiscal 2018, non-executive directors were paid \$Nil for their services as directors of the Company, and from time to time, were issued Options to purchase Common Shares. During the financial year of the Company ended December 31, 2018, 600,000 Options were granted to non-executive directors.

Other Board Committees

The Company has not formed any other committees of the Board of Directors.

Assessment of Directors, the Board and Board Committees

Currently the Board of Directors has not implemented a formal process for assessing the performance of the Board of Directors, its committees, or its individual directors. At present, the Board of Directors monitors the adequacy of information provided to directors, the communications between the Board of Directors and management and the strategic direction and processes of the Board of Directors and its Audit Committee, to satisfy itself that the Board of Directors, its Audit Committee and its individual directors are performing effectively.

AUDIT COMMITTEE

National Instrument 52-110 – *Audit Committees ("NI 52-110")* reporting issuers are required to provide disclosure with respect to its Audit Committee including the text of the Audit Committee's Charter, composition of the Committee, and the fees paid to the external auditor. The Company provides the following disclosure with respect to its Audit Committee:

Audit Committee Charter

The full text of the charter of the Company's Audit Committee is attached hereto as Schedule A.

Composition of the Audit Committee

The Company's Audit Committee is comprised of three directors: Bruce Cousins, Bruce Rowlands and Paul Van Damme (Chair).

Relevant Education and Experience

Bruce Cousins - Mr. Cousins is an accomplished biopharma industry senior finance and operations executive with experience spanning small, early stage growth to large, international companies. His prior positions in the biopharma industry include former Executive Vice President and Chief Financial Officer for both Arbutus Biopharma Corporation, a Nasdaq listed biotech company and Aspreva Pharmaceutical

Inc. and Worldwide Finance Director and Worldwide Operations Controller, Johnson & Johnson. Bruce has significant public company experience, both TSX and Nasdaq as well as extensive financing and M&A experience. He holds an Honours, Bachelor of Commerce from McMaster University and he is a Chartered Accountant with the Institute of Chartered Accountants of Ontario. Bruce Cousins is financially literate and an independent director of the Company for the purpose of MI 52-110.

Bruce Rowlands - Mr. Rowlands has over 25 years business experience in the public markets in the areas of biotechnology, investment banking and scientific instrumentation industries. He is a former director of Eurocontrol Technics Group Inc., a TSX Venture Exchange listed company and the former Chairman and Chief Executive Officer. Prior to joining Eurocontrol, Bruce Rowlands held the positions of Senior Vice President with Lorus Therapeutics, a leading Canadian biotechnology company and Vice President and Director of Dominick and Dominick Securities Canada, a Canadian investment banking firm. Bruce Rowlands is financially literate and an independent director of the Company for the purpose of MI 52-110.

Paul Van Damme (Chair) – Paul Van Damme is a Chartered Professional Accountant with over 45 years business experience. He holds a Bachelor of Commerce degree from the University of Toronto and a MBA from the Rotman School of Management. He is an experienced accountant having worked for Pricewaterhouse Coopers in their Toronto and London, UK offices and he has held the position of CFO with a number of Canadian and US private and public companies including Allelix Biopharmaceuticals Inc., Vasogen and Structural Genomics Consortium, a UK-based charity where he is currently the CFO. Additionally, Paul Van Damme is the Managing Director of WD Capital and a Director of OncoQuest Inc., a subsidiary of Quest PharmaTech Inc. Paul Van Damme is financially literate and an independent director of the Company for the purpose of MI 52-110.

Audit Committee Oversight

Since the commencement of the Company's most recently completed fiscal year, the Company's Board of Directors has adopted all recommendations of the Audit Committee to nominate or compensate an external auditor.

Audit Fees

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company during the financial years ended December 31, 2018 and December 31, 2017:

Year Ended	Audit Fees (\$) ⁽³⁾	Audit-Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
December 31, 2018 ⁽¹⁾	\$13,500	Nil	Nil	Nil
February 28, 2017 ⁽²⁾⁽³⁾	\$12,500	Nil	Nil	Nil

Notes:

(1) On January 9, 2018, the Company appointed Morgan & Company LLP as auditors.

(2) Audit fees for the year ended February 28, 2017 relate to APAC Resources Inc. fiscal years ended February 28, 2017. The Company's fiscal year end was changed to December 31 on January 9, 2018 in connection with the reverse-takeover transaction between APAC Resources Inc. and XORTX Pharma Corp.

(3) No additional audit fees were incurred by the Company from the period from February 28, 2017 to December 31, 2017.

Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly financial statements and related documents.

Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – aggregate fees billed for professional services which included accounting advice and advice related to relocating employees.

Exemption

The Company is relying on the exemptions set out in subsection 6.1 of NI 52-110, which provide that venture issuers are exempt from the audit committee composition and reporting obligation requirements set out in NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com. Further financial information is provided in the audited consolidated financial statements of the Company for the financial year ended December 31, 2018 and related management's discussion and analysis of results which accompany this Management Information Circular and have also been filed on SEDAR. Shareholders may also contact Charlotte May, the Corporate Secretary of the Company, by phone at (416) 471-3366 or by e-mail at cmay@xortx.com to request a copy of these documents.

The Company will provide any Shareholder of the Company, without charge, upon request to the Corporate Secretary of the Company:

- (a) one copy of the audited financial statements of the Company for the financial year ended December 31, 2018, together with the report of the auditor thereon;
- (b) one copy of the management's discussion and analysis of the Company for the financial year ended December 31, 2018; and
- (c) one copy of this Management Information Circular.

APPROVAL

The contents of this Management Information Circular and the sending thereof to the Shareholders of the Company have been approved by the directors of the Company.

DATED at Calgary, Alberta, this 14th day of June, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

"Allen Davidoff"

Dr. Allen Davidoff
Chief Executive Officer

SCHEDULE A
AUDIT COMMITTEE CHARTER

GENERAL

1. Purpose and Responsibilities of the Committee

1.1 Purpose

The primary purpose of the Committee is to assist Board oversight of:

- (a) the integrity of the Company's financial statements;
- (b) the Company's compliance with legal and regulatory requirements;
- (c) the External Auditor's qualifications and independence; and
- (d) the performance of the Company's internal audit function and the External Auditor.

2. Definitions and Interpretation

2.1 Definitions

In this Charter:

- (a) "Board" means the board of directors of the Company;
- (b) "Chair" means the chair of the Committee;
- (c) "Committee" means the audit committee of the Board;
- (d) "Company" means XORTX Therapeutics Inc.;
- (e) "Director" means a member of the Board; and
- (f) "External Auditor" means the Company's independent auditor.

2.2 Interpretation

The provisions of this Charter are subject to the articles and by-laws of the Company and to the applicable provisions of the *British Columbia Business Corporations Act*, and any other applicable legislation.

CONSTITUTION AND FUNCTIONING OF THE COMMITTEE

3. Establishment and Composition of the Committee

3.1 Establishment of the Audit Committee

The Committee is hereby continued with the constitution, function and responsibilities herein set forth.

3.2 Appointment and Removal of Members of the Committee

- (a) *Board Appoints Members.* The members of the Committee shall be appointed by the Board.

- (b) *Annual Appointments.* The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.
- (c) *Vacancies.* The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. If a vacancy exists on the Committee, the remaining members shall exercise all of their powers so long as a quorum remains in office.
- (d) *Removal of Member.* Any member of the Committee may be removed from the Committee by a resolution of the Board.

3.3 Number of Members

The Committee shall consist of three or more Directors.

3.4 Independence of Members

A majority of the members of the Committee shall be independent for the purposes of all applicable regulatory and stock exchange requirements.

3.5 Financial Literacy

- (a) *Financial Literacy Requirement.* Each member of the Committee shall be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the Committee.
- (b) *Definition of Financial Literacy.* "Financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

4. **Committee Chair**

4.1 Board to Appoint Chair

The Board shall appoint the Chair from the members of the Committee who are unrelated directors (or, if it fails to do so, the members of the Committee shall appoint the Chair from among its members).

4.2 Chair to be Appointed Annually

The designation of the Committee's Chair shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

5. **Committee Meetings**

5.1 Quorum

A quorum of the Committee shall be two members.

5.2 Secretary

The Chair shall designate from time to time a person who may, but need not, be a member of the Committee, to be Secretary of the Committee.

5.3 Time and Place of Meetings

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, the Committee shall meet at least four times per year on a quarterly basis.

5.4 In Camera Meetings

On at least an annual basis, the Committee shall meet separately with each of:

- (a) management; and
- (b) the External Auditor

5.5 Right to Vote

Each member of the Committee shall have the right to vote on matters that come before the Committee.

5.6 Voting

Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose; actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose.

5.7 Invitees

The Committee may invite Directors, officers, employees and consultants of the Company or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee. The External Auditor shall receive notice of each meeting of the Committee and shall be entitled to attend any such meeting at the Company's expense.

5.8 Regular Reporting

The Committee shall report to the Board at the Board's next meeting the proceedings at the meetings of the Committee and all recommendations made by the Committee at such meetings.

6. **Authority of Committee**

6.1 Retaining and Compensating Advisors

The Committee shall have the sole authority to engage independent counsel and any other advisors as the Committee may deem appropriate in its sole discretion and to set the compensation for any advisors employed by the audit committee. The Committee shall not be required to obtain the approval of the Board in order to retain or compensate such consultants or advisors.

6.2 Funding

The Committee shall have the authority to authorize the payment of:

- (a) compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (National Instrument 52-110 – *Audit Committees* requires disclosure of fees by category paid to the External Auditor).
- (b) compensation for any advisors employed by the audit committee under Section 6.1 hereof; and
- (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

6.3 Subcommittees

The Committee may form and delegate authority to subcommittees if deemed appropriate by the Committee.

6.4 Recommendations to the Board

The Committee shall have the authority to make recommendations to the Board, but shall have no decision-making authority other than as specifically contemplated in this Charter.

6.5 Compensation

The Committee has the authority to communicate directly with External Auditors and the internal auditors.

7. **Remuneration of Committee Members**

7.1 Remuneration of Committee Members

Members of the Committee and the Chair shall receive such remuneration for their service on the Committee as the Board may determine from time to time.

7.2 Directors' Fees

No member of the Committee may earn fees from the Company or any of its subsidiaries other than directors' fees (which fees may include cash and/or shares or options or other in-kind consideration ordinarily available to directors, as well as all of the regular benefits that other directors receive). For greater certainty, no member of the Committee shall accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company.

SPECIFIC DUTIES AND RESPONSIBILITIES

8. **Integrity of Financial Statements**

8.1 Review and Approval of Financial Information

- (a) *Annual Financial Statements.* The Committee shall review and discuss with management and the External Auditor the Company's audited annual financial statements and related management's discussion and analysis ("MD&A") together with

the report of the External Auditor thereon and, if appropriate, recommend to the Board that it approve the audited annual financial statements.

- (b) *Interim Financial Statements.* The Committee shall review and discuss with management and the External Auditor and, if appropriate, approve the Company's interim unaudited financial statements and related MD&A.
- (c) *Material Public Financial Disclosure.* The Committee shall discuss with management and the External Auditor:
 - (i) the types of information to be disclosed and the type of presentation to be made in connection with profit or loss or earnings press releases; and
 - (ii) financial information and earnings guidance (if any) provided to analysts and rating agencies.
- (d) *Procedures for Review.* The Committee shall be satisfied that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements (other than financial statements, MD&A and profit or loss or earnings press releases, which are dealt with elsewhere in this Charter) and shall periodically assess the adequacy of those procedures.
- (e) *General.* To the extent the Committee deems it necessary or appropriate, the Committee may review and discuss with management and the External Auditor:
 - (i) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles;
 - (ii) major issues as to the adequacy of the Company's internal controls over financial reporting and any special audit steps adopted in light of material control deficiencies;
 - (iii) analyses prepared by management and/or the External Auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative accounting methods on the financial statements;
 - (iv) the effect on the financial statements of the Company of regulatory and accounting initiatives, as well as off-balance sheet transaction structures, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons that have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses of the Company;
 - (v) the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;
 - (vi) any financial information or financial statements in prospectuses and other offering documents;
 - (vii) the management certifications of the financial statements as required under applicable securities laws in Canada or otherwise; and

- (viii) any other relevant reports or financial information submitted by the Company to any governmental body or the public.

9. **External Auditor**

9.1 External Auditor

- (a) *Authority with Respect to External Auditor.* As a representative of the Company's shareholders, the Committee shall be directly responsible for the appointment, compensation and oversight of the work of the External Auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. In the discharge of this responsibility, the Committee shall:
 - (i) have sole responsibility for recommending to the Board the person to be proposed to the Company's shareholders for appointment as External Auditor for the above-described purposes and recommending such External Auditor's compensation;
 - (ii) determine at any time whether the Board should recommend to the Company's shareholders that the incumbent External Auditor should be removed from office;
 - (iii) review the terms of the External Auditor's engagement, discuss the audit fees with the External Auditor and be solely responsible for approving such audit fees; and
 - (iv) require the External Auditor to confirm in its engagement letter each year that the External Auditor is accountable to the Board and the Committee as representatives of shareholders.
- (b) *Independence.* The Committee shall satisfy itself as to the independence of the External Auditor. As part of this process the Committee shall:
 - (i) require the External Auditor to submit on a periodic basis to the Committee a formal written statement delineating all relationships between the External Auditor and the Company and engage in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor and recommend that the Board take appropriate action in response to the External Auditor's report to satisfy itself of the External Auditor's independence;
 - (ii) unless the Committee adopts pre-approval policies and procedures, approve any non-audit services provided by the External Auditor, provided the Committee may delegate such approval authority to one or more of its independent members who shall report promptly to the Committee concerning their exercise of such delegated authority; and
 - (iii) review and approve the policy setting out the restrictions on the Company partners, employees and former partners and employees of the Company's current or former External Auditor.

- (c) *Issues Between External Auditor and Management.* The Committee shall:
- (i) review any problems experienced by the External Auditor in conducting the audit, including any restrictions on the scope of the External Auditor's activities or access to requested information; and
 - (ii) review any significant disagreements with management and, to the extent possible, resolve any disagreements between management and the External Auditor.
- (d) *Non-Audit Services.*
- (i) The Committee shall either:
 - (A) approve any non-audit services provided by the External Auditor or the external auditor of any subsidiary of the Company to the Company (including its subsidiaries); or
 - (B) adopt specific policies and procedures for the engagement of non-audit services, provided that such pre-approval policies and procedures are detailed as to the particular service, the audit committee is informed of each non-audit service and the procedures do not include delegation of the audit committee's responsibilities to management.
 - (ii) The Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services in satisfaction of the requirement in the previous section, provided that such member or members must present any non-audit services so approved to the full Committee at its first scheduled meeting following such pre-approval.
 - (iii) The Committee shall instruct management to promptly bring to its attention any services performed by the External Auditor which were not recognized by the Company at the time of the engagement as being non-audit services.

10. **Other**

10.1 Related Party Transactions

The Committee shall review and approve all related party transactions in which the Company is involved or which the Company proposes to enter into.

10.2 Expense Accounts

The Committee shall review and make recommendations with respect to:

- (a) the expense account summaries submitted by the President and Chief Executive Officer on an annual basis;
- (b) the Company's expense account policy, and rules relating to the standardization of the reporting on expense accounts

10.3 Whistle Blowing

The Committee shall put in place procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

11. **Performance Evaluation**

On a regular basis, the Committee shall follow the process established by the Board for assessing the performance and effectiveness of the Committee.

12. **Charter Review**

The Committee shall review and assess the adequacy of this Charter on a regular basis and recommend to the Board any changes it deems appropriate.

Approved and adopted by the Board of Directors on March 8, 2018.

**SCHEDULE B
STOCK OPTION PLAN**